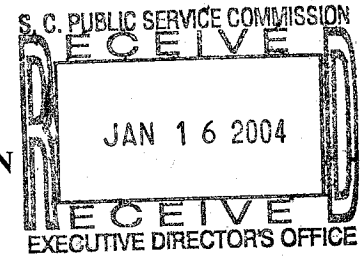


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BEFORE

THE PUBLIC SERVICE COMMISSION

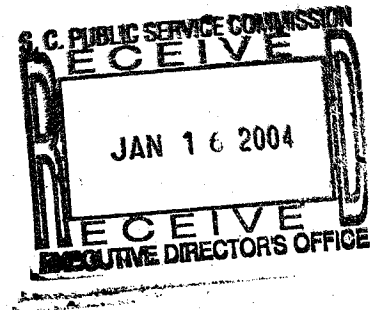
OF SOUTH CAROLINA

Docket No. 2003-295-W

In re: Application of Georgia Water and Well Services,)
Inc. for approval of a new schedule of rates and)
charges for water service provided residential)
customers in Timberlake I and Timberlake II)
Subdivisions and Port Bass I and Port Bass II)
Subdivisions, Oconee County, South Carolina)

PREFILED
TESTIMONY
OF DAVID SHOEMAKER
FOR PETITIONER

Mr. David Shoemaker, being duly sworn, testifies as follows.



1 Q. Please state your full name and address.

2 A. David A. Shoemaker, 245 Christa Lane, Athens, Georgia.

3 Q. On whose behalf are you testifying?

4 A. I am testifying on behalf of Georgia Water and Well Services, Inc, which is
5 the Applicant or Petitioner herein. I serve as Secretary/Treasurer of the Company.
6 The Company purchased Water Systems, Inc. in January 1993, and has been
7 providing service under fixed rates and charges approved for Water Services, Inc.
8 by the South Carolina Public Service Commission in its Order No. 89-1131, dated
9 December 12, 1989, in Docket No. 89-232-W.

10 Q. What is the purpose of your testimony?

11 A. The purpose of my testimony is to provide an overview of Petitioner's
12 Application and financial condition, describe the Exhibits thereto, and sponsor
13 those Exhibits.

RETURN DATE: OK DBW
SERVICE: OK DBW

1 Q. Were the Application, Exhibits, and this testimony prepared by you or
2 under your direct supervision?

3 A. Yes.

4 Q. When was Georgia Water and Well Services, Inc. established?

5 A. January, 1987.

6 Q. Who owns Georgia Water and Well Services, Inc.?

7 A. Charles F. Carson and David A. Shoemaker.

8 Q. What is the Company's primary purpose?

9 A. Its primary purpose is to supply water to four different subdivisions in Oconee
10 County, South Carolina and several subdivisions in Georgia.

11 Q. How much do you charge for water?

12 A. We charge a flat rate of \$15.75 per month, pursuant to the rates established by the
13 Public Service Commission in 1989.

14 Q. What do you charge to tap on to the system?

15 A. The current tap fee is two hundred fifty (\$250) dollars.

16 Q. Is there a disconnect/reconnect fee?

17 A. While there is no separate disconnect fee, we charge a reconnect fee. If a
18 customer is disconnected for nonpayment or if a customer requests that we
19 disconnect during the off season, we charge one hundred twenty-five (\$125)
20 dollars to reconnect to the System.

21 Q. For which subdivisions does the Company supply water?

22 A. We supply Port Bass I, Port Bass II, Timberlake I, and Timberlake II.

- 1 **Q. What types of subdivisions or neighborhoods are they?**
- 2 A. These are recreational communities with a portion being permanent residents and
3 middle class neighborhoods.
- 4 **Q. Where are those properties located primarily?**
- 5 A. On the shores of or near Lake Hartwell in Oconee County, South Carolina.
- 6 **Q. What percentage are recreational properties and what percentage are
7 residential properties?**
- 8 A. Approximately seventy percent are recreational weekenders and thirty percent
9 live there full time.
- 10 **Q. Are there any meters currently in this system?**
- 11 A. No.
- 12 **Q. How many customers does Georgia Water and Well Services, Inc. now have
13 in these areas in its system?**
- 14 A. We now have four hundred forty-five (445) residential customers and two (2)
15 commercial customers.
- 16 **Q. Is this Application for rate relief the first one Georgia Water and Well
17 Services, Inc. has applied for since its rates were established by this
18 Commission in December 1989?**
- 19 A. Yes.
- 20 **Q. So your rates, then, have been set at this \$15.75 flat rate for the past 14
21 years?**
- 22 A. That's correct.
- 23 **Q. With this authorized rate for the test year for the 12 months ending**

1 **December 31, 2002, what has the Company's experience been?**

2 A. As shown in the narrative of our Application and Exhibit A thereto, the Company
3 experienced a net loss of \$61,340.32. Its experience in 2003 worsened somewhat.
4 Subject to auditing, the Company experienced a net loss of approximately
5 \$63,000 in 2003.

6 **Q. Please describe the type of water system that the Company uses to supply**
7 **water to its customers.**

8 A. We use wells, drilled wells, and hydro-pneumatic tanks as storage.

9 **Q. Is this System tapped on to any other source of water, other than drilled**
10 **wells?**

11 A. Yes. We have a backup meter at Port Bass I and Timberlake I, where we can
12 purchase water from Pioneer Water Authority, if needed.

13 **Q. Is there any other source of water available, other than drilled wells?**

14 A. No.

15 **Q. Please describe what Georgia Water and Well Services, Inc. has invested into**
16 **these systems.**

17 A. As shown in our Balance Sheet (Exhibit D) and Depreciation Schedule (Exhibit
18 E), we have over \$200,000 in the wells, water lines, and pumping facilities. In
19 2000 we spent over \$17,000 re-doing every pump-house and re-coating all hydro
20 tanks. In 2002 we extended the water main at Port Bass I to connect to the Pioneer
21 water system for back-up water at a cost of over \$11,000.

22 **Q. What kinds of upgrades have you made to the systems?**

1 A. Every pump station has been re-done. The wells have been flow tested, and the
2 correct size pumps have been installed. The tanks have been re-coated and new
3 tanks have been added to all the systems. Every time we reconnect or disconnect a
4 customer we replace the associated cut off valve with a new brass curb stop. We
5 have replaced many main line shut off valves and added a flushing hydrant to Port
6 Bass I. As I previously mentioned, we have connected Port Bass I to Pioneer
7 Water Authority for back-up water service in case of power outage or low
8 pressure problems.

9 **Q. You have testified that Georgia Water and Well Services, Inc. has 445**
10 **residential customers. How many new residential customers did you acquire**
11 **in 2003?**

12 A. None, although we have added 2 commercial customers, which are currently only
13 paying our approved flat residential rate. Most of the lots in these subdivisions
14 have been sold for a good while. Many owners have purchased adjoining lots to
15 combine with their existing property, which, in effect, eliminates the possibility of
16 additional taps.

17 **Q. In light of the Company's operating experience, what rates is it proposing?**

18 A. As shown in Exhibit B of our Application, we are requesting approval of a
19 monthly flat rate per residential tap of \$29.25 (plus DHEC fee) and approval of a
20 basic charge of \$26.25 (plus DHEC fee) upon metering that tap (by subdivision)
21 for the first 5,000 gallons and a commodity charge of \$3.50 per each additional
22 thousand gallons. We are also proposing to increase the authorized residential
23 tap fee to \$670 from \$250, based upon the justification set forth in Exhibit E of

1 the Application, and leave the disconnect/reconnect fee at the current \$125 level.

2 Finally, we are requesting approval of a commercial metered rate and tap fee,

3 based on DHEC Single Family Equivalent (SFE) loadings.

4 **Q. If the flat rate is increased from \$15.75 to \$29.25, what would be the income**
5 **of Georgia Water and Well Services, Inc. for the test year, which is the test**
6 **year ending December 31, 2002?**

7 A. As shown on page 1 of Exhibit C of our Application, gross revenue would be
8 \$169,867.23 and net revenue would be \$10,749.68.

9 **Q. If the metered rate is established at \$26.25 for 5,000 gallons with a**
10 **commodity charge at \$3.50 per thousand after 5,000 gallons, what would be**
11 **the income of Georgia Water and Well Services, Inc. for the test year?**

12 A. As shown on page 2 of Exhibit C of our Application, gross revenue would be
13 \$153,847.23 and net revenue would be \$3,678.21.

14 **Q. Do you anticipate that Georgia Water and Well Services, Inc. will have any**
15 **other sources of income?**

16 A. No. We may have an occasional reconnect fee or tap fee, but those will be very
17 few.

18 **Q. Mr. Shoemaker, based on history, what have you projected to be the**
19 **operating cost for the systems in 2003?**

20 A. On a flat rate basis, it would be at least \$159,117.55, as shown on page 1 of
21 Exhibit C, and on a metered basis, it would be at least \$150,169.02, as shown on
22 page 2 of Exhibit C. We are projecting less operating cost on a metered rate

1 because of less water used, thus, resulting in lowering our utility and maintenance
2 costs.

3 **Q. Refer to page 1 of Exhibit C. Please identify and describe each of the South**
4 **Carolina expense and depreciation items the Company has included and**
5 **explain why each is reasonable for inclusion in its flat rate proposal.**

6 **A. South Carolina Expenses are:**

7 S.C. - Taxes & Licenses	\$ 5,172.76: amount paid by Company for
8	property tax, PSC tax,
9	operation license, and vehicle
10	tax;
11	
12 S.C. - Postage	\$ 1,741.14: amount paid by Company for
13	postage of letters and bills;
14	
15 S.C. - Telephone	\$ 3,568.93: amount paid by Company for
16	SC phone usage;
17	
18 S.C. - Utilities	\$ 13,640.76: amount paid by Company for
19	power and additional water
20	purchased from Pioneer;
21	
22 S.C. - Repairs & Maintenance	\$ 31,101.92: amount paid by Company,
23	which includes emergency
24	repair work performed by
25	Oconee County resident,
26	Buddy Robinson, for
27	Company, all material used
28	for replacement of broken
29	items, i.e. meter boxes, valves,
30	etc.;
31	
32 S.C. - Truck	\$ 3,331.82: amount paid by Company for
33	repairs of two trucks primarily
34	used for S.C. operations;
35	
36 S.C. - Insurance - General	\$ 1,950.22: amount paid by Company for
37	truck insurance;
38	

1 S.C. - Professional Fees \$ 2,060.00: amount paid by Company for
2 accounting work and tax
3 return preparation;

4
5 S.C. - Management Fees \$ 47,590.00: amount paid by Company for
6 management services, as
7 discussed in more detail
8 below;

9
10 S.C. - Water Test Fee \$ 13,333.00: amount paid by Company per
11 DHEC;

12
13 Total Expenses \$123,490.55; and

14 Other related expenses include:

15 Depreciation Expenses \$ 35,627.00: amount paid by Company. as
16 detailed in Exhibit E of our
17 Application.

18
19 **Q. How does Georgia Water and Well Services, Inc. provide customer services**
20 **in South Carolina?**

21 A. Georgia Water and Well Services, Inc. contracts for many management services
22 with Carson Plumbing and Repair Company, Inc., which is owned by Charles F.
23 Carson, and Shoemaker Irrigation Company, which I own. The test year fees
24 totaled \$47,590, as shown above. This approach provides cost savings to our
25 customers. For example, Carson Plumbing provides office space, secretarial
26 labor, routine maintenance, and on-call labor for nights and weekends. Shoemaker
27 Irrigation provides warehouse storage, accounting labor, routine maintenance, and
28 pump/water line repair labor and equipment. It also provides on-call labor for
29 nights and weekends. Georgia Water and Well Services, Inc. does not have any
30 employees; therefore, it will also likely contract with Carson Plumbing and Repair

1 Services Company, Inc. and Shoemaker Irrigation Company for upgrading the
2 water systems, when needed.

3 **Q. Describe the history of the Company's use of a management fee approach for**
4 **providing customer services.**

5 A. In 1993, when Georgia Water and Well Services, Inc. purchased Water Systems
6 Inc., the fee was proposed by that company to be \$1,800 per month and this
7 Commission accepted that approach and amount to be included in rates in its
8 December 1989 Order. Consistent with that Order, we have had to raise that fee
9 from time to time in order to cover the cost of services provided. The fee is now
10 \$4,000 per month or \$2,000 to each of those companies, although this level is
11 approximately \$900 per month below what the total pro rata costs actually are for
12 services provided by Carson Plumbing and Repair Services Company, Inc. and
13 Shoemaker Irrigation Company. In an effort, however, to consider the adverse
14 rate impact on our customers, propose conservative accounting and rate
15 adjustments, and share cost savings of running Georgia Water and Well Services,
16 Inc. in this manner, we have not proposed any proforma adjustments in this
17 Application to recoup these additional costs in our proposed rates. Similarly, we
18 have not included other permissible adjustments, such as rate case expenses or a
19 larger allowable operating margin, in order to keep our request to a minimum. By
20 taking this approach, however, we are not waiving our taking a position on
21 Commission Staff adjustments in its audit report herein.

22 **Q. Mr. Shoemaker, what would be the net income, if you are granted the**
23 **requested rate increases?**

1 A. Net income with flat rates would be \$10,749.68, as shown on page 1 of Exhibit C
2 and net income with metered rates would be approximately \$3,678.21, depending
3 on the amount of water used by the customer.

4 **Q. Please explain the proforma adjustments to expenses you have included in**
5 **your residential metered rate proposal.**

6 A. As shown on page 2 of Exhibit C, we have lowered utilities and
7 repairs/maintenance expenses by 20% (or a total of \$8,948.53) in proforma
8 adjustments to reflect expected lowered costs from metered service. Although
9 these lower amounts may not be viewed as know and measurable in the traditional
10 sense, we nevertheless believe they are achievable and are, therefore, proposing
11 them in order to have Commission approval to pass along savings to our
12 customers over time. We are also including a generous 5,000 gallons as our base
13 amount so this should cover the majority of households, unless someone has a
14 pool or waters his lawn a lot. These proposed amounts are the minimum Georgia
15 Water and Well Services, Inc. can operate the systems on and still pay off long-
16 term and short-term debt incurred by upgrading the systems.

17 **Q. What plans and costs do you propose for the future of these systems?**

18 A. We propose to charge flat residential rates until all service is metered within a
19 single subdivision and then begin charging the metered residential rates to every
20 customer within that subdivision at the same time. We would then continue the
21 conversion process in the next subdivision until conversion of all 4 of them.
22 While some residential customers would pay a flat rate and others paid a metered
23 rate, all residential customers within a given subdivision would be paying a

1 metered rate simultaneously. This would cost us approximately \$200 per
2 customer, and we would have to borrow the money to accomplish it. It would run
3 between \$91,000 and \$100,000. Next, we would like to connect Port Bass II and
4 Timberlake II to Pioneer Water Authority later for back-up water at a cost of
5 approximately \$25,000. Finally, we would also like to replace as many main line
6 cut-off valves as possible with new 2" square operating valves.

7 **Q. Mr. Shoemaker, what is the average age of the wells in these systems?**

8 A. Over 25 years. Most are over 25 years old and some are over 30.

9 **Q. Has Georgia Water and Well Services, Inc. had water supply problems in the**
10 **past?**

11 A. Yes. Over the past several years we were in the middle of a serious drought that
12 had a major affect on our well production. Several of our wells lost 50% of their
13 production capacity during that time. We had to impose water restrictions in order
14 to ensure we had enough water for drinking and bathing. We also connected to
15 Pioneer Water Authority where possible to help with our shortage. Over the past
16 year we have monitored our wells, and they have now basically returned to near
17 normal levels.

18 **Q. Have you had any wells go dry?**

19 A. No, not dry, but they all decreased in production during the drought.

20 **Q. What steps has Georgia Water and Well Services, Inc. taken to ensure water**
21 **capacity will be adequate in the future?**

22 A. We have added tanks to all of the systems and tied on to Pioneer Water Authority
23 where possible. We have also tried drilling deeper in some of our wells with no

1 success. Our plans are to connect Port Bass I and Port Bass II together so they
2 both can be connected to Pioneer for back-up water and to connect Timberlake II
3 to Pioneer, as soon as revenue is available. Currently, we are permitted for more
4 taps in all our systems then we have on-line.

5 **Q. Please describe Exhibits G and H of the Application.**

6 A. Exhibit G is our most recent letter of approval of our System from DHEC and
7 Exhibit H is our customer bill form.

8 **Q. (Move the introduction of the Application and supporting Exhibits into**
9 **evidence.) Please summarize your testimony.**

10 A. We are seeking an increase in rates, which is quite conservative under the
11 circumstances, although we recognize the percentage increase from current rates
12 is high. Since we have lost money for several years, we have had to seek relief
13 before we can afford to convert our residential customers to metered service.
14 Approval now of both flat residential rate and phased-in metered rates, as
15 proposed by the Company, should enable the Company to provide improved
16 service based upon measured water usage without having to seek a second phase
17 of rate relief. If our current request is not granted in full, however, we will likely
18 be forced to seek approval of a second phase of rate relief within the next year or
19 so. We also have commercial customers and request appropriate metered rates and
20 tap fees for providing service to them.

21 **Q. Does this conclude your prefiled, direct testimony?**

22 A. Yes.

Exhibit A

EXHIBIT A
GEORGIA WATER & WELL SERVICES, INC.
SC INCOME AND EXPENSE STATEMENT
FOR THE MONTH ENDING 12/31/02

YTD RATIO.....: NET REVENUE	12 MONTHS
INCOME	
SOUTH CAROLINA INCOME	<u>97,777.23</u>
SOUTH CAROLINA EXPENSES	
S.C. - TAXES & LICENSES	5,172.76
S.C. - POSTAGE	1,741.14
S.C. - TELEPHONE	3,568.93
S.C. - UTILITIES	13,640.76
S.C. - REPAIRS & MAINT.	31,101.92
S.C. - TRUCK	3,331.82
S.C. - INSURANCE-GENERAL	1,950.22
S.C. - PROFESSIONAL FEES	2,060.00
S.C. - MGMT FEES	47,590.00
S.C. - WATER TEST FEES	<u>13,333.00</u>
TOTAL EXPENSES	123,490.55
OTHER EXPENSES	
DEPRECIATION EXPENSES	<u>35,627.00</u>
GRAND TOTAL OPERATING EXPENSES	<u>159,117.55</u>
NET INCOME / (LOSS)	<u><u>\$ (61,340.32)</u></u>
OPERATING MARGIN	-0.62

Exhibit B

EXHIBIT B

CURRENT SCHEDULE OF RATES

Monthly rate per residential tap	15.75	
DEHEC Fee	<u>2.50</u>	
Total monthly bill		18.25
Tap Fee	250.00	
Reconnection charge	125.00	

PROPOSED SCHEDULE OF RATES

Monthly rate per residential tap	29.25	
DEHEC Fee	<u>2.50*</u>	
Total monthly bill		31.75
"OR"		
Basic charge on metered rate	26.25	
DEHEC Fee	<u>2.50*</u>	
Total monthly bill		28.75
Gallons included in base charge: 5000		
Commodity charge in excess of 5000	3.50 per thousand	
Tap Fee	670.00	
Reconnection Charge	125.00*	

*Remains unchanged

PROPOSED ESTABLISHMENT OF COMMERCIAL RATES

Commercial flat rate based on SFE's per DHEC regulations

Commercial tap fee based on SFE's per DHEC regulations

Exhibit C

EXHIBIT C

Page 1

GEORGIA WATER & WELL SERVICES, INC. PRO FORMA FLAT RATE RESULTS FOR THE MONTH ENDING 12/31/02

YTD RATIO.....: NET REVENUE	12 MONTHS	EST. EFFECT OF (FLAT RATE) RATE INCREASE	Pro Forma Results
INCOME			
SOUTH CAROLINA INCOME	<u>97,777.23</u>	<u>72,090.00</u>	<u>169,867.23</u>
SOUTH CAROLINA EXPENSES			
S.C. - TAXES & LICENSES	5,172.76		5,172.76
S.C. - POSTAGE	1,741.14		1,741.14
S.C. - TELEPHONE	3,568.93		3,568.93
S.C. - UTILITIES	13,640.76		13,640.76
S.C. - REPAIRS & MAINT.	31,101.92		31,101.92
S.C. - TRUCK	3,331.82		3,331.82
S.C. - INSURANCE-GENERAL	1,950.22		1,950.22
S.C. - PROFESSIONAL FEES	2,060.00		2,060.00
S.C. - MGMT FEES	47,590.00		47,590.00
S.C. - WATER TEST FEES	<u>13,333.00</u>		<u>13,333.00</u>
TOTAL EXPENSES	123,490.55		123,490.55
OTHER EXPENSES			
DEPRECIATION EXPENSES	<u>35,627.00</u>		<u>35,627.00</u>
GRAND TOTAL OPERATING EXPENSES	<u>159,117.55</u>		<u>159,117.55</u>
NET INCOME / (LOSS)	<u>\$ (61,340.32)</u>	<u>72,090.00</u>	<u>10,749.68</u>
OPERATIN MARGIN	<u>-0.62</u>		<u>0.06</u>

EXHIBIT C

Page 2

GEORGIA WATER & WELL SERVICES, INC. PRO FORMA METERED RATE RESULTS FOR THE MONTH ENDING 12/31/02

YTD RATIO.....: NET REVENUE	12 MONTHS	EST. EFFECT OF (METER BASED) RATE INCREASE	Pro Forma Results
INCOME			
SOUTH CAROLINA INCOME	<u>97,777.23</u>	<u>56,070.00</u>	<u>153,847.23</u>
SOUTH CAROLINA EXPENSES			
S.C. - TAXES & LICENSES	5,172.76		5,172.76
S.C. - POSTAGE	1,741.14		1,741.14
S.C. - TELEPHONE	3,568.93		3,568.93
S.C. - UTILITIES	13,640.76	(2,728.15) *	10,912.61
S.C. - REPAIRS & MAINT.	31,101.92	(6,220.38) *	24,881.54
S.C. - TRUCK	3,331.82		3,331.82
S.C. - INSURANCE-GENERAL	1,950.22		1,950.22
S.C. - PROFESSIONAL FEES	2,060.00		2,060.00
S.C. - MGMT FEES	47,590.00		47,590.00
S.C. - WATER TEST FEES	<u>13,333.00</u>		<u>13,333.00</u>
TOTAL EXPENSES	123,490.55	(8,948.53)	114,542.02
OTHER EXPENSES			
DEPRECIATION EXPENSES	<u>35,627.00</u>		<u>35,627.00</u>
GRAND TOTAL OPERATING EXPENSES	<u>159,117.55</u>	<u>(8,948.53)</u>	<u>150,169.02</u>
NET INCOME / (LOSS)	<u>\$ (61,340.32)</u>	<u>65,018.53</u>	<u>3,678.21</u>
OPERATING MARGIN	<u>-0.62</u>		<u>0.023</u>

* Reduction in expenses reflects a 20% drop in use of water due to installation of meters (Based on water usage and expenses in our metered water systems in Georgia.)

Exhibit D

EXHIBIT D

GEORGIA WATER & WELL SERVICES, INC. BALANCE SHEET DECEMBER 31, 2002

ASSETS

CURRENT ASSETS

Cash In Banks	\$ (2,486.00)
---------------	---------------

TOTAL CURRENT ASSETS	\$ (2,486.00)
----------------------	---------------

FIXED ASSETS

Trucks & Autos	\$ 60,931.00
Land	24,000.00
Machinery & Equipment	32,002.00
Water & Well Equipment	173,632.00
Accumulated Depreciation	<u>(211,709.00)</u>

TOTAL FIXED ASSETS	\$ 78,856.00
--------------------	--------------

TOTAL ASSETS	\$76,370.00
--------------	-------------

LIABILITIES & EQUITY

NOTE PAYABLE

N/P - Chuck Carson	\$ 3,639.00
N/P - David Shoemaker	3,588.00
N/P - Athens First Bank	8,636.00
N/P - Gmac	5,807.00
N/P - Fnnl	35,078.00
N/P - Athens First Bank	<u>15,480.00</u>

TOTAL NOTES PAYABLE	\$ 72,228.00
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EQUITY

Stock	\$ 600.00
Retained Earnings	<u>3,542.00</u>

TOTAL EQUITY	\$ 4,142.00
--------------	-------------

TOTAL LIABILITIES & EQUITY	\$76,370.00
----------------------------	-------------

Exhibit E

12/31/02

2002 Federal Depreciation Schedule

Page 1

Client GEORGIA

SC GA WATER & WELL SERVICE, INC

58-1739082

2/25/03

10:45PM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn.	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
-----	-------------	------------------	--------------	----------------	--------------	---------------------	----------------------------	--------------------------------------	-----------------------------	-------------------------------	----------------	----------------	--------	------	------	------------------

Form 1120S

Auto / Transport Equipment

1	SC GMC SIERRA	10/31/00		15,976							15,976	6,870	200DB MQ	5	.22800	3,643
2	SC 2001 FORD F550 #8231	12/01/01		44,955							44,955	2,248	200DB MQ	5	.38000	17,083
Total Auto / Transport Equipment				60,931		0	0	0	0	0	60,931	9,118				20,726

Land

3	SC LAND	2/03/93		24,000							24,000					0
---	---------	---------	--	--------	--	--	--	--	--	--	--------	--	--	--	--	---

Total Land

				24,000		0	0	0	0	0	24,000	0				0
--	--	--	--	--------	--	---	---	---	---	---	--------	---	--	--	--	---

Machinery and Equipment

4	SC COMPUTER	2/01/93		1,200							1,200	1,200	200DB HY	7		0
5	SC TANKS	1/07/94		897							897	897	200DB HY	7		0
6	SC PUMP	5/04/95		1,155				1,155			0	0	200DB HY	7		0
7	SC CASE BACKHOE	1/13/99		13,000				4,000			9,000	5,557	200DB MQ	7	.10930	984
8	SC VERMIER TRENCHER #0212	1/17/02		15,750							15,750		200DB HY	7	.14290	2,251

Total Machinery and Equipment

				32,002		0	0	5,155	0	0	26,847	7,654				3,235
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Miscellaneous

9	SC WELL PUMP	8/22/94		415							415	348	200DB HY	10	.06550	27
10	SC PUMPS	11/23/94		2,267							2,267	1,894	200DB HY	10	.06550	148
11	SC PORT BASS & TIMBERLAKE	2/03/93		161,278							161,278	145,409	200DB HY	10	.06550	10,564
12	SC PORT BASS WELL PUMP	11/26/93		2,000							2,000	1,802	200DB HY	10	.06550	131

12/31/02

2002 Federal Depreciation Schedule

Page 2

Client GEORGIA

SC GA WATER & WELL SERVICE, INC

58-1739082

2/25/03

10:45PM

Nu.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn.	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
13	SC PORT BASS WELL PUMP	12/21/93		1,014							1,014		913	200DB HY	10 .06550	66
14	SC PORT BASS WELL PUMP	1/12/93		1,406							1,406		1,268	200DB HY	10 .06550	92
15	SC PUMP	7/08/94		1,237							1,237		1,035	200DB HY	10 .06550	81
16	SC PORT VAST #1	8/15/01		2,460							2,460		185	200DB MQ	10 .18500	455
17	SC WATER LINE	7/01/94		1,555							1,555		1,301	200DB HY	10 .06550	102
	Total Miscellaneous			173,632		0	0	0	0	0	173,632	154,155				11,666
	Total Depreciation			290,565		0	0	5,155	0	0	285,410	170,927				35,627
	Grand Total Depreciation			290,565		0	0	5,155	0	0	285,410	170,927				35,627

Exhibit F

EXHIBIT F

RESIDENTIAL TAP FEE INCREASE JUSTIFICATION

Materials:	4 x ¾ saddle	
	¾ corporation stop	
	¾ curb stop	
	standard meter box with lid	
	60' ¾ service tubing	
	Total Material	130.00
Equipment Time:	Backhoe 6 hours	180.00
Labor:	2 men – 6 hours @ \$60.00 per hour	360.00
Total Time & Labor :		670.00

PROPOSED COMMERCIAL TAP FEE JUSTIFICATION

Commercial tap fee based on SFE's per DHEC regulations

Exhibit G



ENVIRONMENTAL QUALITY CONTROL / APPALACHIA I DISTRICT
2404 North Main Street, Anderson, S. C., 29621
Office: (864) 260-5569 / Fax: (864) 260-4855

SERVING: ANDERSON & OCONEE COUNTIES

January 27, 2003

Mr. David Shoemaker
Georgia Water & Well, Inc.
259 Wynburn Ave.
Athens, GA 30601

Re: Sanitary Survey Inspection
Port Bass I & II, Timberlake I & II
System Numbers 3750002, 3750012, 3750006 and 3750007
Oconee County

Dear Mr. Shoemaker:

Enclosed is a copy of the recent Sanitary Survey Inspection for the above-mentioned systems. An overall rating of Satisfactory was issued, however, be advised that the storage capacity at Timberlake II is considered to be insufficient by our standards. No action is required at this time because there have been no apparent pressure or quantity concerns but if it is determined in the future that there are problems then the storage capacity should be increased.

Thank you and your staff for your time and cooperation during the survey. If I can be of any assistance, do not hesitate to call me at (864) 260-5569.

Sincerely,

Christopher Eleazer
Drinking Water Program Manager
Appalachia I EQC

Exhibit H

GEORGIA WATER AND WELL SERVICES, INC.
 259 WYNBURN AVENUE
 ATHENS, GEORGIA 30601
 (706) 543-9353

DATE BILLED

FIRST CLASS MAIL
 U.S. POSTAGE
 PAID
 ATHENS, GA 30601
 PERMIT NO. 109

SERVICE ADDRESS		
PREVIOUS	PRESENT	CONSUMPTION
DESCRIPTION		AMOUNT
TOTAL		

AMOUNT DUE	AMOUNT PAID

ACCOUNTS PAST DUE 30 DAYS FROM DATE BILLED WILL BE SUBJECT TO PENALTY

RETURN THIS PORTION WITH PAYMENT